

14X - TOBACCO SETTLEMENT FUND

Operational Summary

Agency Description:

To budget for Board approved uses of the County's share of the national tobacco settlement.

In 1998 46 States including California, three territories and the District of Columbia concluded an agreement with the major tobacco companies in settlement of outstanding litigation. As part of the settlement, the tobacco companies are required to make payments to the States. California's share, after adjustments for certain specific litigants, is split 50-50 with the counties. Orange County's share is estimated to be \$30 - 38 million per year in perpetuity. The revenue is without use restriction.

The FY 2000-2001 budget for this fund reflects Board action on November 9, 1999 that directed the CEO to use as much tobacco settlement revenue as possible to eliminate all remaining Pension Obligation Bonds (See Funds 14V and 15J) and 1995 Refunding Recovery Bonds (Fund 15P).

At a Glance:

Total FY 1999-00 Actual Expenditure + Encumbrance:	37,730,069
Total Final FY 2000-01 Budget:	32,894,000
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Use of Tobacco Settlement Revenue to eliminate Pension Obligation Bond and 1995 Refunding Recovery Bond debt. Debt elimination frees up funding for the operation of new County Jail and secured Drug/Alcohol rehabilitation facilities.

Fiscal Year 1999-00 Key Project Accomplishments:

- Contributed \$23.2 million to the Debt Prepayment Fund 14V which was used along with other moneys in the tender offer purchase of 43% of the County's outstanding Pension Obligation Bonds. Contributed \$14.5 million to the County General Fund to offset delayed debt service savings projected in the 1999 Strategic Financial Plan.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Use Tobacco Settlement Revenue to eliminate Pension Obligation Bond and 1995 Refunding Recovery Bond debt; fund specified health care initiatives. Debt elimination frees up funding for the operation of new jail and secured Drug/Alcohol rehabilitation facilities.

Changes Included in the Recommended Base Budget:

This is a new fund was created during FY 1999-2000.

Final Budget and History:

Sources and Uses	FY 1998-99 Actual Exp/Rev ⁽¹⁾	FY 1999-00 Final Budget	FY 1999-00 Actual Exp/Rev ⁽¹⁾	FY 2000-01 Final Budget	Change from FY 99-00 Actual	
					Amount	Percent
Total Revenues	0	0	37,839,937	29,900,000	(7,939,937)	-20.98
Total Requirements	0	0	37,730,069	32,894,000	(4,836,069)	-12.82
FBA	0	0	0	2,994,000	2,994,000	0.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 1999-00 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: TOBACCO SETTLEMENT FUND in the Appendix on page 532.